

BUDGET LETTER

SUBJECT: PAYMENT OF VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD CLAIMS, DEPARTMENT OF JUSTICE SETTLEMENTS AND JUDGMENTS	NUMBER: 11-32
REFERENCES:	DATE ISSUED: October 10, 2011
	SUPERSEDES: BL 10-26

TO: Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Legislation authorizes payment of (1) government claims approved by the California Victim Compensation and Government Claims Board (Board) when there is no other statutory authority for payment and (2) judgments and settlements by the Department of Justice (DOJ) when there are insufficient funds available in an individual appropriation. In Situation 1, the Board has approved a claim and, with input from the affected department, determined that there is no statutory authority for its payment. Twice a year, the Board sends a list of claims with no statutory authority for payment to the Department of Finance (Finance). Finance analysts work with the affected departments to identify the appropriation to be charged and to certify that the necessary funds are available. These claims are then included in a claims bill and the chaptered bill reduces individual Budget Act items and transfers the authority for payment of claims to the Board. When statutory authority for payment already exists, legislation is not required and the department may pay Board approved claims directly without obtaining approval from Finance. The most common reason why a claim may lack statutory authority for payment is because it arose from a stale-dated warrant and the department no longer has expenditure authority for the fiscal year in which the warrant was issued.

For Situation 1, Government Code section 905.2, subdivision f, also authorizes the Board to assess a surcharge in an amount not to exceed 15 percent of the total approved claim. These surcharges are treated as expenditures to the Budget Act items listed in the legislation.

In Situation 2, a chaptered claims bill authorizes the DOJ to pay settlements or judgments directly from specified fund balances because there are insufficient funds available in an individual appropriation. To initiate inclusion of a judgment or settlement in the biannual DOJ claims bill, Finance is required to send a letter to the DOJ approving the settlement or judgment claim and certifying that the affected department's appropriation cannot absorb the cost of claim. If the department has sufficient expenditure authority for payment of the claim, legislation is not required and it may pay the claim directly after obtaining approval from Finance.

Occasionally, errors or subsequent changes will cause an incorrect fund to be charged to pay a claim. When this occurs, the department's accounting office, the State Controller's Office (SCO), or Finance informs the Board or the DOJ of any error identified in the chaptered claims bill. Once the errors are identified, the Board or the DOJ then notifies the SCO of the correct fund and/or item of appropriation from which to pay the claim. In these instances, the Supplementary Schedule of Appropriations (Schedule 10s) will reflect the correct fund. As a result, when the citations and/or amounts in the chaptered claims bill do not agree with the citations and/or amounts reflected in the Schedule 10s, the information reflected on the Schedule 10s is considered the accurate data.

Attachment A provides a sample of how these approved claims are reflected in the various budget documents (e.g., the Schedule 10s, the Detail of Appropriations and Adjustments, and the Fund Condition Statements).

Changes to Departmental Appropriations

Chapter 194, Statutes of 2011 (AB 139) and Chapter 198, Statutes of 2011 (SB 207) authorize the reductions to specified Budget Act items and the payment of claims by the Board. Chapter 180, Statutes of 2011 (AB 140) authorizes the payment of claims by the DOJ directly from specified funds. The changes to departmental appropriations will be centrally posted. No action by the affected departments is required.

Reduction of Appropriations (Situation 1)

- Schedule 10s: Finance's Financial Operations Unit will post the chaptered Legislative Claim reductions to the affected departments' items when all the legislation is chaptered.
- Departmental Detail of Appropriations and Adjustments: A separate line will display the Legislative Claims reductions reflected in the Schedule 10s (Attachment A, Part A).
- Automated Fund Condition Statements: Expenditures will be reflected under 9670 Legislative Claims for the appropriate funds when all the legislation is chaptered.
- Planning Estimate (PE) worksheets: The transfer of expenditure authority will be posted as a negative amount on PE line 0600, "Transfer To (within a fund)". Correspondingly, the 9670 PEs will reflect the expenditure authority as a positive amount on PE line 0650, "Transfers From (within a fund)".
- Legislative Claims budget display: Because the chapters will transfer the authority for payment of the claims to the Board, the claim payments (expenditures) will be reflected in the Legislative Claims budget (9670) (see Attachment A, Part B) rather than in a department's program budget.

Direct Charges to Fund Balances (Situation 2)

When insufficient funds are available in an individual appropriation, the DOJ pays claims directly from specified fund balances. The automated Fund Condition Statements will display the Legislative Claims budget (9670) (see Attachment A, Part B). No action by departments is necessary.

Please call Heather White, Finance Budget Analyst, at (916) 445-8913 if you have any questions.

/s/ Lisa Ann L. Mangat

Lisa Ann L. Mangat
Program Budget Manager

Attachment

SAMPLE SITUATION
2660 DEPARTMENT OF TRANSPORTATION
Part A

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS			
1 STATE OPERATIONS			
0042 State Highway Account			
(in thousands)			
APPROPRIATIONS	PY	CY	BY
001 Budget Act appropriation	\$100	\$125	\$200
Transfer to Legislative Claims (9670) (<i>Situation 1</i>)	—	<u>-15</u>	—
TOTALS, EXPENDITURES	\$100	\$110	\$200

FUND CONDITION STATEMENT			
0042 State Highway Account			
(in thousands)			
	PY	CY	BY
BEGINNING BALANCE	XXX	XXX	XXX
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EXPENDITURES			
Disbursements:			
2660 Department of Transportation:			
State Operations	100	110	200
9670 Legislative Claims:			
State Operations			
( <i>Sum of Situation 1</i> <i>and Situation 2</i> )	<u>10</u>	<u>35</u>	—
Totals, Disbursements	\$110	\$145	\$200

SCHEDULE 10 - CURRENT YEAR			
(in whole dollars)			
	Auth	Exp	Sav
--INITIAL AUTHORIZATION--			
Unscheduled	125,000		
--TOTAL--	125,000		
--ADJUSTMENTS--			
(480) Transfer to Leg Claims per Ch X/XX ( <i>Situation 1</i> )			
Unscheduled	-14,785		
--TOTAL--	-14,785		
--REVISED APPROPRIATION TOTALS--			
YOY			
Unscheduled CY	110,215	110,215	
--TOTAL--	110,215	110,215	

**Part B**  
**9670 EQUITY CLAIMS OF CALIFORNIA VICTIMS COMPENSATION AND**  
**GOVERNMENT CLAIMS BOARD AND**  
**SETTLEMENTS AND JUDGMENTS BY DEPARTMENT OF JUSTICE**

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS			
1 STATE OPERATIONS			
0494 Special Funds			
(in thousands)			
	PY	CY	BY
(0042 State Highway Account)			
APPROPRIATIONS			
Ch x/xx ( <i>Situation 1</i> )	-	\$15	-
Ch y/xx ( <i>Situation 2</i> )	<u>\$10</u>	<u>20</u>	—
TOTALS, EXPENDITURES	\$10	\$35	--

**NOTE:** Italicized comments are for illustration only and are not to be included in actual budget documents.